

COUNTY OF PLACER, CALIFORNIA
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 1 – BUDGETARY AND LEGAL COMPLIANCE

In accordance with provisions of Sections 29000 through 29144 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, the appropriations are governed by the adopted proposed budget approved by the Board of Supervisors.

A balanced operating budget is adopted each fiscal year for the General, Special Revenue, Capital Projects, Debt Service, Enterprise and Internal Service Funds, except the Open Space Special Revenue Fund, Special Programs Special Revenue Fund, Capital Projects Securitization Fund and the Capital Facilities Capital Projects Fund. The budget is adopted on a modified accrual basis for the General, Special Revenue, Capital Projects and Debt Service Funds including encumbrances to reflect estimated revenues and expenditures. The budget is adopted on an accrual basis for Enterprise and Internal Service Funds. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations. Encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent year expenditures.

Supplemental appropriations may be made during the year by the Board if revenues are received from unanticipated sources, or from anticipated sources, but in excess of estimates thereof. Management cannot amend the budget without the Board's approval. Budget amounts reported in the accompanying basic financial statements reflect the original budget and the final budget, as amended. All unencumbered budget appropriations lapse at the end of the fiscal year.

The legal level of budgetary control is exercised at the budget unit (departmental) level. Amendments and transfers of appropriations between budget units or that involves the addition or deletion of a project or piece of equipment must be approved by the Board. Management can make adjustments of appropriations, at their discretion, within or between objects within the same budget unit. For the fiscal year ended June 30, 2002, there were no expenditures in excess of the adopted appropriations.

Individual fund budgetary comparisons are not presented at the detail budget unit level due to their excessive length. A separate publication presenting this information is available by contacting the Auditor-Controller's Office.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances at year-end are reported as reservations of fund balances since the commitments will be honored through subsequent years' budget appropriations. Encumbrances do not constitute expenditures or liabilities.